

ORDER NO. 2676

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Acting Chairman;
Tony Hammond, Vice Chairman;
Mark Acton;
Ruth Y. Goldway; and
Nanci E. Langlely

Competitive Product Prices
Global Reseller Expedited Package Contracts 2
(MC2013-51)
Negotiated Service Agreement

Docket No. CP2014-71

ORDER APPROVING MODIFICATION TO
GLOBAL RESELLER EXPEDITED PACKAGE CONTRACTS 2 NEGOTIATED
SERVICE AGREEMENT

(Issued August 24, 2015)

I. INTRODUCTION

The Postal Service seeks to modify a Global Reseller Expedited Package Contracts 2 negotiated service agreement.¹ For the reasons discussed below, the Commission approves the Modification.

¹ Notice of the United States Postal Service of Filing Modification to a Negotiated Service Agreement, August 13, 2015 (Notice). The Modification is an attachment to the Notice (Modification).

In Order No. 2169, the Commission approved the Global Reseller Expedited Package Contracts 2 negotiated service agreement (Existing Agreement).² On August 13, 2015, the Postal Service filed notice that it has agreed to the Modification to the Existing Agreement. On August 14, 2015, the Commission issued an order reopening this docket to consider the Modification, appointing a Public Representative, and providing interested persons with an opportunity to comment.³

The Postal Service intends for the Modification to extend the prices and other terms of the original agreement to February 17, 2016. Notice at 1. The Postal Service filed supporting financial documentation and a certified statement, as required by 39 C.F.R. § 3015.5. *Id.* The Postal Service asserts that the Modification will not impair the ability of the contract to comply with 39 U.S.C. § 3633. Notice, Attachment 2.

II. COMMENTS

Comments were filed by the Public Representative.⁴ No other person submitted comments. The Public Representative reviewed the Modification, the Existing Agreement, and the financial model filed under seal. PR Comments at 2. Based on that review, he concludes that the Existing Agreement, as modified, should continue to generate sufficient revenues to cover costs and satisfy 39 U.S.C. § 3633(a). *Id.*

III. COMMISSION ANALYSIS

The Commission has reviewed the Notice, the accompanying materials filed under seal, and the comments filed by the Public Representative.

The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize

² See Order Approving Additional Global Reseller Expedited Package Contracts 2 Negotiated Service Agreement, August 26, 2014 (Order No. 2169).

³ Order No. 2665, Notice and Order Concerning Modification to a Global Reseller Expedited Package Contracts 2 Negotiated Service Agreement, August 14, 2015.

⁴ Public Representative Comments on Postal Service Notice of Filing Modification to a Negotiated Service Agreement, August 19, 2015 (PR Comments).

competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3015.5 and 3015.7. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Modification does not materially affect the underlying financial analysis of the Existing Agreement. Thus, the Commission finds that the Existing Agreement, as modified, comports with the provisions applicable to rates for competitive products in 39 U.S.C. § 3633(a) and 39 C.F.R. § 3015.7.

In conclusion, the Commission approves the Existing Agreement, as modified.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the Global Reseller Expedited Package Contracts 2 negotiated service agreement, as modified.
2. The Postal Service shall notify the Commission if the Existing Agreement, as modified, terminates prior to the scheduled expiration date.

By the Commission.

Shoshana M. Grove
Secretary